

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Carol C. Lam*

***For Further Information, Contact: Assistant U. S. Attorney Sanjay Bhandari, 619-557-7042
or Assistant U.S. Attorney Timothy F. Salel, 619-557-6074***

For Immediate Release

NEWS RELEASE SUMMARY - April 4, 2005

United States Attorney Carol C. Lam announced today that a jury returned a verdict of guilty against James F. Garro on twenty counts of fraud, money laundering, and tax evasion.

According to the evidence presented at trial, in September and October 1999, James F. Garro raised \$37.5 million from several investors by promising them 100% profit within 15 calendar days from the trading of bank debentures in an allegedly secret, exclusive market in which only those with a humanitarian purpose for their proceeds could participate. After obtaining control of investor funds, Garro never traded bank debentures as promised and instead spent the money in various unauthorized ways, including spending in excess of \$8 million on luxury homes for himself in California and New Mexico.

United States Attorney Carol C. Lam commented, "The public should be wary of schemes that promise incredible returns, often referred to as 'prime bank' schemes, and the promoters of these schemes should be certain that they will be prosecuted."

Assistant U.S. Attorneys Sanjay Bhandari and Timothy F. Salel presented the case at trial. The case is a result of a joint investigation by the Federal Bureau of Investigation and the Internal Revenue Service – Criminal Investigation.

Denise L. Rubin, IRS Criminal Investigation Special Agent in Charge for San Diego stated, "Garro swindled investors in a prime bank scheme and promised investors an incredible 100% return on their investment. Garro convinced investors to invest over \$37 million in a phony high yield investment and moved the money through a maze of nominee bank accounts. Garro lulled the investors by returning a portion of their investment, but ultimately used over \$8 million of the investor's money to purchase luxury homes for himself. Investors should be wary that when something sounds too good to be true it probably is."

DEFENDANT

JAMES F. GARRO

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

- Counts 1-8: Wire Fraud – Title 18, United States Code, Section 1343
5 years’ imprisonment; \$250,000 fine

- Counts 9-19: Money Laundering - Title 18, United States Code, Sections 1956(a)(1)(A)(i)
and 1956(a)(1)(B)(i)
20 years’ imprisonment; fine of twice the value of funds involved

- Count 20: Tax Evasion – Title 26, United States Code, Section 7201
5 years’ imprisonment; \$250,000 fine

INVESTIGATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service – Criminal Investigation